

1 State of Arkansas  
2 89th General Assembly  
3 Regular Session, 2013

# A Bill

SENATE BILL 1056

4  
5 By: Senator Hester

## For An Act To Be Entitled

8 AN ACT TO PROVIDE A PREMIUM TAX CREDIT FOR INSURANCE  
9 COMPANIES THAT INVEST IN ARKANSAS SECURITIES; AND FOR  
10 OTHER PURPOSES.

### Subtitle

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13 TO PROVIDE A PREMIUM TAX CREDIT FOR  
14 INSURANCE COMPANIES THAT INVEST IN  
15 ARKANSAS SECURITIES.  
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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21 SECTION 1. Arkansas Code § 26-57-615(b)(1), concerning the date to  
22 apply for a premium tax credit for certain fees, is amended to read as  
23 follows:

24 (b)(1) Credits permitted in ~~subsection (a) of~~ this section shall be  
25 reported annually on March 1.

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27 SECTION 2. Arkansas Code § 26-57-615, concerning premium tax credits  
28 for certain fees, is amended to add an additional subsection to read as  
29 follows:

30 (c)(1) An insurer, except life insurance companies, fraternal benefit  
31 associations, orders or societies, health and accident insurance companies,  
32 life and accident insurance companies, and nonprofit group hospital service  
33 plans, that meets the conditions in this section, is entitled to a reduction  
34 of or credit on its gross premium tax liability based on the amount of its  
35 investment in securities of this state if the insurer:

36 (A) Has invested in securities of this state an amount



1 that is equal to at least twenty-five percent (25%) of its total admitted  
2 assets extended at annual statement value; and

3 (B) Submits a report to the commissioner that shows the  
4 investments as of December 31 of the year preceding.

5 (2) If the amount the insurer had invested in securities of this  
6 state was:

7 (A) An amount not less than seventy percent (70%) nor more  
8 than eighty percent (80%) of the amount it had invested in securities of the  
9 other state in which it then had the highest percentage of its admitted  
10 assets invested, then the insurer's tax on its gross premiums is reduced by  
11 an amount equal to twenty-five percent (25%) of the tax but not more than two  
12 hundred thousand dollars (\$200,000);

13 (B) An amount in excess of eighty percent (80%) but not  
14 more than ninety percent (90%) of the amount it had invested in securities of  
15 the other state in which it then had the highest percentage of its admitted  
16 assets invested, then the insurer's tax on its gross premiums is reduced by  
17 an amount equal to fifty percent (50%) of the tax but not more than two  
18 hundred fifty thousand dollars (\$250,000); or

19 (C) An amount in excess of ninety percent (90%) of the  
20 amount it had invested in securities of the other state in which it then had  
21 the highest percentage of its admitted assets invested, then the insurer's  
22 tax on its gross premiums is reduced by an amount equal to seventy-five  
23 percent (75%) of the tax but not more than three hundred thousand dollars  
24 (\$300,000).

25 (3) The reduction or credit provided by subdivision (c)(2) of  
26 this section does not apply to the gross premium tax on premiums paid under  
27 policies of insurance directly or indirectly reinsured with a related insurer  
28 that is the direct writer of the policies unless the related insurer that  
29 bears the risk of loss under the reinsurance arrangement, if considered on a  
30 consolidated basis, would qualify for the reduction or credit directly.

31 (4) As used in this section, "securities" means:

32 (A) Real estate located in this state that is owned by the  
33 insurer;

34 (B) Bonds of the State of Arkansas or other state;

35 (C) Bonds or interest-bearing warrants of any county,  
36 city, town, school district, municipality, or subdivision that is or may be

1 authorized to issue bonds or warrants;

2 (D) Notes or bonds secured by a mortgage or trust deed on  
3 property, including those insured by the Federal Housing Administration, the  
4 Farmers Home Administration, or the federal government or any branch agency,  
5 department, or bureau thereof;

6 (E) The cash deposits in national or state banks or trust  
7 companies on the basis of average daily balances throughout the preceding  
8 calendar year; and

9 (F) Any other property or security issued by a corporation  
10 in which the insurer may invest its funds.

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